

### Remarks

The September 11, 2008 Office Action for the above referenced application contains rejections of the pending claims on the basis of five references. The five references are:

1) U.S. Patent 4,989,141 (hereinafter Lyons). Which teaches a method for manipulating information from financial schedules. Lyons provides additional evidence of the novelty, non-obviousness and newness of the claimed invention in a number of ways including:

1) by teaching a system that is limited to supporting a user's manipulation of financial schedule information. By way of contrast, the innovative system of the present invention (and all Asset Trust applications) analyzes data that describe the physical operation of a business using an predefined process.

2) U.S. Patent 6,549,922 (hereinafter, Srivastava et al) which teaches an extensible framework for the automatic extraction and transformation of metadata into logical annotations. Srivastava has no known direct relevance to the instant application as it teaches a method for metadata extraction and transformation that is simply not used in the instant application. Srivastava does mention the term "metadata mapping" however the term is used in a way that teaches away from the claimed methods as it is used to describe the mapping of extracted and summarized metadata annotations to a schema. By way of contrast, the innovative system of the present invention uses the term "metadata mapping" to describe the mapping of database metadata from a plurality of sources to a central database metadata. The lack of relevance was confirmed by a previously provided declaration.

3) U.S. Patent 7,249,328 (hereinafter Davis) which teaches previously disclosed methods for preparing and presenting data in tables and graphs using a combined browser spreadsheet application. Data is prepared by identifying the changes require to convert data to a common dtd and storing the set of identified changes in a separate database. When data are required for presentation and manipulation by the browser-spreadsheet application, the data are retrieved from their original locations, and combined with the stored set of changes. Similar methods for preparing and presenting data were already disclosed in the Bowman Amuah and Ranger patents. Bowman Amuah also disclosed the combined preparation and manipulation of data and that smil was going to replace xml. Davis provides additional evidence of the novelty, non-obviousness and newness of the claimed invention in a number of ways including:

a) Davis reinforces the previously disclosed teachings of Bergstrom and Widom that the limitations of dtd's that make them generally unsuitable for use in enterprise processing.

Davis does this by teaching the use of xml for formatting of data for graphs and tables. Davis also reinforces Ranger's teaching that xml is only suitable for presentations.

b) Davis does not create an integrated database and is not capable of creating one. By way of contrast, the innovative system of the present invention transforms data into an integrated database in accordance with a xml and common schema where it can be retrieved and used by any application.

As the above discussion and the previously filed declaration make clear, Davis does not have any relevance to the claimed inventions. The Assignee notes that the Examiner has also failed to consider the other references identified by the previous Examiner that provide substantial additional evidence of the novelty, non-obviousness and newness of the claimed invention.

4) A reference by Baur et al (hereinafter Baur) that teaches that discounts on closed end funds is a potential proxy for investor sentiment and that an analysis of changes in the S&P 500 index over a time period in the 1980's did not show a statistically significant relationship between this proxy and the actual index price changes. In accordance with the specification for the instant application, the investor sentiment proxy would be a potential market value factor. The Baur document did confirm that one of the potential market value factors identified in the specification (interest rates) is relevant to market price changes. As the above discussion and the previously filed declaration make clear, the Baur document does not have any relevance to the claimed invention.

1) "How to sort out the premium drivers of post-deal value"; Mergers and Acquisitions; July/August 1993, Vol. 28, Iss.1; pg. 33, 5 pgs by Daniel W. Bielinski (hereinafter, Bielinski) that teaches the use of Value Based Management (hereinafter, VBM). Bielinski provides additional evidence of the novelty, non-obviousness and newness of the claimed invention in a number of ways including:

a) Bielinski teaches away from the cash flow analysis method of the claimed invention by teaching a strict reliance on analyzing historical cash flow. By way of contrast, the innovative system and method described in the above referenced application (and all Asset Trust applications) relies on the fact that expected future cash flows may contribute to business value.

b) As shown below, Bielinski teaches away from the data analysis method of the claimed invention by characterizing a business with summary level financial statement schedule data and data that can be derived from financial statement data (see Table 2 from Bielinski for

**Table 1: Operating Cash Flow Sensitivity (from Bielinski)**

	1987	1988	1989	1990	1991
Sales	\$7,300,000	\$7,000,000	\$7,900,000	\$8,200,000	\$9,000,000
Raw Material	<u>\$2,000,000</u>	<u>\$1,600,000</u>	<u>\$1,900,000</u>	<u>\$2,000,000</u>	<u>\$2,300,000</u>
Value Added	<u>\$5,300,000</u>	<u>\$5,400,000</u>	<u>\$6,000,000</u>	<u>\$6,200,000</u>	<u>\$6,700,000</u>
HR	\$2,500,000	\$2,600,000	\$2,700,000	\$2,700,000	\$3,000,000
Tech/Capital	\$400,000	\$600,000	\$650,000	\$780,000	\$800,000
Other	<u>\$250,000</u>	<u>\$225,000</u>	<u>\$240,000</u>	<u>\$210,000</u>	<u>\$260,000</u>
Gross Margin	\$2,150,000	\$1,975,000	\$2,410,000	\$2,510,000	\$2,640,000
SG&A	\$1,600,000	\$1,700,000	\$2,100,000	\$2,200,000	\$2,400,000
Other	<u>(\$14,000)</u>	<u>(\$6,000)</u>	<u>(\$25,000)</u>	<u>(\$10,000)</u>	<u>(\$40,000)</u>
Operating Income	\$536,000	\$269,000	\$285,000	\$300,000	\$200,000
Taxes	\$60,000	\$25,000	\$25,000	\$15,000	\$20,000
Depreciation	<u>\$250,000</u>	<u>\$300,000</u>	<u>\$375,000</u>	<u>\$350,000</u>	<u>\$400,000</u>
Cash Flow	\$726,000	\$544,000	\$635,000	\$635,000	\$580,000
Change in NWC	(\$56,000)	\$200,000	(\$467,000)	\$293,000	\$1,000
Capital Expenditures	\$400,000	\$200,000	\$550,000	\$450,000	\$375,000
Operating Cash Flow	\$382,000	\$144,000	\$552,000	(\$108,000)	\$204,000

additional examples). By way of contrast, the innovative system and method described in the above referenced application teaches and relies on transforming data representative of the business organization including element of value data, transaction data and financial statement data into a model of the physical entity (the business) and uses that model for a variety of things including financial management and value optimization.

**Table 2: Key Factor Cash Flow Sensitivity (from Bielinski)**

Cash Flow/Value Driver	Sensitivity Range	Cumulative Historical Cash Flow % Change
Sales Growth %	+5%	+ 84%
	-5%	- 76%
Raw Material Cost (% reduction in material cost)	-5%	+ 25%
	+5%	- 25%
Production HR (% reduction in HR cost)	- 1%	+ 7%
	+ 10%	- 70%
Inventory Turnover	+ 1 Turn	+1%
	- 1 Turn	-1%

c) Bielinski teaches away from the market efficiency assumptions implicit in the claimed invention by teaching the standard valuation model. By way of contrast, the innovative

system and method described in the above referenced application (and all Asset Trust applications) teaches and relies on the fact that market sentiment may contribute to business value. Market sentiment is defined as the difference between the market value of the business enterprise and the value of the non-sentiment categories (or segments) of value within the enterprise.

d) Bielinski teaches away from value creation model incorporated within the claimed invention by teaching that there is one way to change business value: change the value of period cash flow.

Value change per 09/764,068	Value change per Bielinski
1. Change value of cash flow, 2. Change value of elements of value, 3. Change value of growth options & 4. Change value of market sentiment	1. Change value of period cash flow

By way of contrast, the innovative system and method described in the above referenced application (and all Asset Trust applications) teaches and relies on the fact that there are at least four ways to change value between one point in time and another point in time: change the value of cash flow, change the value of the elements of value, change the value of growth options and change the value of market sentiment. A comparison of these teachings is summarized in the table above.

e) Bielinski teaches away from the claimed invention by teaching a meaning for the term "value driver" that is different from the definition used in the specification for the claimed invention. Bielinski teaches that value drivers are high level summaries of enterprise financial performance like operating profit margin and that operational value drivers are sub-components of value (raw material cost and/or production labor cost, see Table 2 copied from Bielinski above and the Table below), and/or summary financial statistics, (i.e. sales growth rate and inventory turnover, which are derived from financial statement schedule data).

Aspect of financial performance	Designation per 09/764,068	Designation per Bielinski
Raw material cost	Sub-component of expense value	Operational value driver
Production labor cost	Sub-component of expense value	Operational value driver

By way of contrast, value drivers are defined in the specification for the claimed invention as element of value performance indicators that are causal to changes in: components of value (revenue, expense and capital change) and/or market value.

f) Bielinski teaches away from the modeling method of the claimed invention by teaching VBM which relies on the tree based analysis of cash flow. By way of contrast, the innovative system and method described in the above referenced application teaches and relies on a predictive model based analysis of revenue, expense, capital change, market sentiment and cash flow. In addition to using different algorithms, there are other differences in the modeling methods used by Bielinski that provide additional evidence of novelty, non-obviousness and newness, including:

1) different assumptions – as is well known to those of average skill in the art, the tree based analysis method used by Bielinski combines the inputs to each node in a linear fashion and passes on the result of the linear combination to the next level in the tree (see Table 2 for confirmation). By way of contrast, the innovative system and method described in the above referenced application teaches and relies on linear and non-linear predictive models to analyze data inputs.

2) different levels – as discussed previously, Bielinski teaches a different definition for the term “value driver”. Consistent with this different definition, Bielinski teaches the use of different levels of aggregation for modeling cash flow than those used in the above referenced application. The levels used by Bielinski are:

- a) First level – Sub-components of value & ratios
- b) Second level – Summary business financial measures
- c) Third level - Cash flow
- d) Fourth level – Value change

By way of contrast, the innovative system and method described in the above referenced application teaches the use of two different layers for cash flow modeling and places one of the layers used by Bielinski in a different position in the hierarchy.

- a) First level – Element of value performance indicators (value drivers)
- b) Second level – Elements of value (i.e. brands, customers, vendors, etc.)
- c) Third level - Components and sub-components of value (i.e. material cost)
- d) Fourth level - Cash flow
- e) Fifth level – Value Change

3) different data input identification method – as is well known to those of average skill

in the art, the financial statement data input to each node of the tree based analysis are determined by the user. By way of contrast, the innovative system and method described in the above referenced application teaches and relies on an innovative and objective variable selection algorithm to identify the data used to complete the modeling.

<b>Table 3: Break-Even Key Factor Tradeoffs (from Bielinski)</b>		
Sales Growth %	Gross Profit	Historical Cash Flow Change
+ 1%	- 0.50%	~ 0%
+ 3%	- 1.50%	~ 0%
+ 5%	- 2.50%	~ 0%
- 5%	+ 3.00%	~ 0%
- 3%	+ 1.75%	~ 0%
- 1%	+ 0.50%	~ 0%

g) Bielinski teaches away from the method for identifying value improvements described in the above referenced application by teaching sensitivity analysis (see Bielinski Table 2) and break even analysis (see Bielinski Table 3) to identify improvements. By way of contrast, the innovative system and method described in the above referenced application (and all Asset Trust applications) rely on simulated changes and/or optimization analyses to determine which value improvements are the most valuable.

Taken as a whole, the five references provide substantial additional evidence of the novelty, non-obviousness and newness of the claimed invention. The references appear to have been selected because they contained a few words that were the same as those in the claims and not because the provided evidence of obviousness and/or anticipation. The latter statement is made because:

1. the Examiner who chose the references was apparently unaware of the fact that the relevant portions of the references had previously been disclosed, and
2. the cited references provide substantial evidence of the novelty and non-obviousness of the claimed inventions by teaching away from all the claimed methods and/or failing to teach claimed methods.

### **35 U.S.C. §101 rejections**

In the 11 September 2008 Office Action claims 36 – 45, 55 – 65 and 67 - 74 are rejected under 35 USC §101 for being non statutory. The Assignee traverses the claim rejections by noting that the evidence required to support the prima facie case that would sustain the claim rejections has not been provided. The Assignee also notes that claim amendments have obviated these rejections by making the transformation of data representative of an organization ((that physically exists) into a different state or thing more apparent and as such, the claims represent statutory subject matter (see in re Bilski).

### **35 U.S.C. §102 rejections**

In the 11 September 2008 Office Action claims 64 and 65 were rejected under 35 USC §102 as being anticipated by U.S. Patent 7,249,328 (hereinafter Davis). The Examiner has cited the Davis document as a reference. The Assignee respectfully traverses the rejections for anticipation in two ways. First, by noting that the rejections fail under both standards of the APA. Second, by noting that the Office Action has failed to establish a prima facie case of anticipation for the rejected claims. More specifically, the Office Action fails to establish a prima facie case of anticipation in as many as four separate ways for every rejected claim.

The first way in which the 11 September 2008 Office Action fails to establish a prima facie case of anticipation for many if not all of the rejected claims is that the Davis document fails to describe every element of the rejected claims. MPEP 2131 notes that:

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987).

The second way in which the 11 September 2008 Office Action fails to establish a prima facie case of anticipation for many if not all of the rejected claims is that the Davis document fails to provide the same level of detail that is present in the claim. MPEP 2131 notes that anticipation requires that:

"The identical invention must be shown in as complete detail as is contained in the ... claim." *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236, 9 USPQ2d 1913, 1920 (Fed. Cir. 1989).

The third way in which the 11 September 2008 Office Action fails to establish a prima facie case of anticipation for many if not all of the claims is that the Office Action does not describe the basis in fact or technical reasoning that is required to support the allegations regarding allegedly inherent characteristics contained in the Davis document. MPEP 2112 notes that:

"In relying upon the theory of inherency, the Examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art." Ex parte Levy, 17 USPQ2d 1461, 1464 (Bd. Pat. App. & Inter. 1990)

The fourth way in which the 11 September 2008 Office Action fails to establish a prima facie case of anticipation for many if not all of the claims is that the cited prior art does not enable the completion of a single claim.

The Assignee respectfully submits that the rejection of independent claims 64 can be traversed by noting that Davis: is missing elements contained in claim 64 provides insufficient detail regarding elements of claim 64, that any alleged inherency of elements of claim 64 has not been explained and that Davis does not enable the completion of any aspect of claim 64. Elements of claim 64 not explicitly or inherently described or enabled in the Davis document include: data integration, metadata mapping and outputting an integrated database. Davis also lacks detail regarding data integration, metadata mapping and outputting an integrated database and any alleged inherency of data integration, metadata mapping and outputting an integrated database has not been explained. As a result of these deficiencies, a prima facie case that would support the anticipation rejection of claims 64 has not been established. Claim 65 is directly dependent on claims 64 so the traversal of claim 64 anticipation rejection also serves to traverse the rejection of this claim by making it clear that the Examiner has failed to establish a prima facie case of anticipation for the parent claim. The Assignee notes that there are still other ways to traverse these claim rejections. As is well known, in order to anticipate under 35 U.S.C. § 102 – the reference must not only disclose all elements of the claim within the four corners of the document, but it must also disclose those elements "arranged as in the claim" (Connell v. Sears, Roebuck & Co., 722 F.2d 1542, 1548 (Fed. Cir. 1983)). Davis does not have all the elements and it does not arrange them in the same manner disclosed in any of the claims.

### **35 U.S.C. § 103 Rejection of Claims**

In the 11 September 2008 Office Action, claims 36 – 39, 41 – 43 and 45 are rejected under 35 USC §103 as being unpatentable over Bielinski in view of Baur. The Examiner has cited these two documents as references. The Assignee respectfully traverses the §103 rejections of claims 36 – 39, 41 – 43 and 45 in two ways. First, by noting that the cited combination of documents fails to establish a prima facie case of obviousness. Second, by noting that the assertions regarding the alleged obviousness of the claims are not in compliance with the



requirements of the Administrative Procedures Act and are therefore moot. The 11 September 2008 Office Action fails to establish the required prima facie case of obviousness in a number of ways, including: by: citing combinations of documents that teach away from the claimed invention as discussed on pages 13 through 18 of this paper, citing a combination of documents that fails to teach one or more limitation for every claim as discussed on pages 13 through 18 of this paper, failing to explain the combination as required by KSR v Teleflex, teaching a combination that requires a change in principle of operation of the disclosed inventions and teaching a combination that would destroy the ability of one or more of the inventions to function.

In the 11 September 2008 Office Action, claims 46 - 48, 53 - 54 and 72 - 74 are rejected under 35 USC §103 as being unpatentable over Bielinski in view of Baur and Lyons. The Examiner has cited these three documents as references. The Assignee respectfully traverses the §103 rejections of claims 46 - 48, 53 - 54 and 72 - 74 in two ways. First, by noting that the cited combination of documents fails to establish a prima facie case of obviousness. Second, by noting that the assertions regarding the alleged obviousness of the claims are not in compliance with the requirements of the Administrative Procedures Act and are therefore moot. The 11 September 2008 Office Action fails to establish the required prima facie case of obviousness in a number of ways, including: citing combinations of documents that teach away from the claimed invention as discussed on pages 13 through 18 of this paper, citing a combination of documents that fails to teach one or more limitation for every claim as discussed on pages 13 through 18 of this paper, failing to explain the combination as required by KSR v Teleflex, teaching a combination that requires a change in principle of operation of the disclosed inventions and teaching a combination that would destroy the ability of one or more of the inventions to function.

In the 11 September 2008 Office Action, claims 67 - 69 are rejected under 35 USC §103 as being unpatentable over Davis and claim 70 is rejected on the basis of Davis in view of Srivastava. The Examiner has cited these two documents as references. The Assignee respectfully traverses the §103 rejections of claims 67 - 70 in two ways. First, by noting that the cited combination of documents fails to establish a prima facie case of obviousness. Second, by noting that the assertions regarding the alleged obviousness of the claims are not in compliance with the requirements of the Administrative Procedures Act and are therefore moot. The 11 September 2008 Office Action fails to establish the required prima facie case of obviousness in a number of ways, including: citing combinations of documents that teach away from the claimed invention as discussed on pages 13 through 18 of this

paper, citing a combination of documents that fails to teach one or more limitation for every claim as discussed on pages 13 through 18 of this paper, failing to explain the combination as required by KSR v Teleflex, teaching a combination that requires a change in principle of operation of the disclosed inventions and teaching a combination that would destroy the ability of one or more of the inventions to function.

The Assignee notes that there are other ways to traverse all rejections under 35 USC §103.

### **35 U.S.C. §112 second paragraph rejections**

In the 11 September 2008 Office Action claims 36, 49, 52, 55, 57 and 72 are rejected under 35 USC §112 second paragraph. The Assignee traverses the claim rejections by noting that the evidence required to support the prima facie case that would sustain the claim rejections has not been provided. The Assignee also notes that although it was not required, amendments were made to these claims that obviate the claim rejections.

### **Request for Correction**

In accordance with the relevant statutes and precedents the Assignee is entitled to expect and receive: an unbiased patent application examination conducted by an Examiner with knowledge of the relevant arts who follows the law. To date, the activity associated with the instant patent application bears no resemblance to the patent application examination standards dictated by statute and precedent. These apparent statute violations may be part of an effort to justify the allowance of a number of apparently invalid patents to large companies. Prompt correction is requested.

### **Statement under 37 CFR 1.111**

37 CFR 1.111 requires that the basis for amendments to the claims be pointed out after consideration of the references cited or the objections made. 37 CFR 1.111 states in part that:

In amending in response to a rejection of claims in an application or patent undergoing reexamination, the applicant or patent owner must clearly point out the patentable novelty which he or she thinks the claims present in view of the state of the art disclosed by the references cited or the objections made. He or she must also show how the amendments avoid such references or objections.

The Assignee notes that this requirement is not relevant to the instant application because, as detailed above, there are no references or objections to avoid. Having said that, the

Assignee notes that the primary reasons a few claims were amended was to correct clerical errors and to put the claims into final form for allowance and issue.

#### **Reservation of rights**

The Assignee hereby explicitly reserves the right to present the modified and/or canceled claims for re-examination in their original format. The cancellation or modification of pending claims to put the instant application in a final form for allowance and issue is not to be construed as a surrender of subject matters covered by the original claims before their cancellation or modification.

#### **Conclusion**

The pending claims are of a form and scope for allowance. Prompt notification thereof is respectfully requested.

Respectfully submitted,

Asset Trust, Inc.

/B.J. Bennett/

B.J. Bennett, President

Date: January 10, 2009